

DD/C 82-3002

31 August 1982

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Mr. Robert Turner, Counsel to the
President's Intelligence Oversight Board,
31 August 1982

1. During the week of 23 August Mr. Turner submitted a request for a briefing on the Nugan Hand affair to [redacted] of the Office of the Inspector General. [redacted] conveyed the request to [redacted] Chief, East Asia Division who asked that I do the briefing. It was arranged that the meeting would be held in my office at 1400 hours on 31 August. 25X1 25X1 25X1

2. Mr. Turner, citing the responsibility of the President's Intelligence Oversight Board (PIOB) to look into charges of wrongdoing on the part of the Agency, said that his current inquiry is occasioned by the allegations in the three articles on Nugan Hand which appeared in the Wall Street Journal 24 through 26 August 1982. He said that he would specifically like to know about any Agency connection with Nugan Hand and/or involvement on the part of present or past employees. I began by stating that I was not an expert on the Nugan Hand enterprises and that my knowledge was based principally on what was available in the public media. Indeed, the Agency itself had taken no special interest in the Nugan Hand firms prior to the allegations that followed the suicide of Frank Nugan and the collapse of the financial institutions with which he was identified. I also commented to Mr. Turner in general terms on the character of the Australian press which tends frequently towards irresponsibility. I noted that the source of most of the allegations of CIA involvement in Nugan Hand came from the leftist Australian press and specifically from the Tribune which is the newspaper of the Australian Communist Party. I said that we had reviewed all three of the Wall Street Journal articles and found nothing particularly new in any of them except for the second article which detailed the distress of certain individual investors who had suffered substantial losses when Nugan Hand collapsed. I commented that the allegations against CIA in the Wall Street Journal articles were in fact more calmly presented than they had been in the Australian press. Nonetheless, I pointed

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out the similarity of the information reported in the Wall Street Journal to that which had appeared earlier in Australian newspapers and which also had been published in this country in Counterspy. Mr. Turner asked for, and was given, a xerox of the Counterspy article which by its own admission was taken largely from the Tribune.

3. Regarding the allegations against CIA, I told Mr. Turner that immediately upon learning of them, the Agency had commenced an intensive investigation to learn if there was any truth to them. In my opinion that investigation had been conducted with vigor and great thoroughness. The results of our internal investigation allowed for the following categorical denials:

a. The Agency had never used any Nugan Hand firm as a funding mechanism for covert action in Southeast Asia or, for that matter, anywhere else in the world;

b. The Agency had never been involved in narcotics trafficking through the Nugan Hand bank; and

c. That the Agency had not used the Nugan Hand Bank as a conduit for funds to assist in overthrowing the Whitlam Labor Government in 1975.

4. In response to his question, I stated that the Agency had never sought to undermine any Australian government and further that we do not conduct operations against the Australian government.

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5. Further to the issue of CIA involvement with Nugan Hand, I pointed out that the United States Government has on several occasions assured the Australian government that CIA had no relationship with Nugan Hand. I called Mr. Turner's attention to our statement to the media in March 1982 denying all of the allegations which had been raised in the Australian press. I told him that this statement had resulted from then Deputy Director Inman's decision that on this issue we would depart from our traditional posture of not commenting and issue a complete denial of all charges. I further stated that Admiral Inman wanted assurance that such a statement was absolutely correct before it was issued and that we had at the time re-reviewed the entire case and found the denial thoroughly warranted and justified.

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6. Turning to Mr. Turner's stated interest in Agency employees who might have connections with Nugan Hand, I said that the aforementioned internal investigation had determined that no present Agency employee had any connection at a substantial level with Messrs. Nugan or Hand or any of their firms. I reminded Mr. Turner that prior to the death of Mr. Nugan and the collapse some months later of his financial consortium, the Agency and its employees had no particular reason to be suspicious of the Nugan Hand banks. Therefore, I could not rule out the innocent utilization of the commercial banking facilities that Nugan Hand offered in various parts of Asia. After all, those banks were duly licensed to conduct commercial banking operations in the countries where they were located. Mr. Turner said he fully understood that and had no interest in looking into that sort of thing.

7. On the question of past employees, I said that we knew no more than had already been reported in the press and that indeed the press was the source of most of our information. Mr. Turner and I reviewed the listing of former CIA employees that had appeared in the first installment in the Wall Street Journal noting first that former DCI Colby had been retained to provide legal services to Nugan Hand. Mr. Turner acknowledged that lawyers are called upon to defend or represent unsavory clients from time to time and he seemed to place no particular emphasis on Mr. Colby's role with Nugan Hand. Mr. Turner seemed to be of the impression that Mr. Walter MacDonald went directly from CIA to Nugan Hand but we were able to establish that MacDonald had left the Agency in 1977. He joined the Department of Energy and it was after his retirement from that organization in 1979 that he became associated with Nugan Hand.

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8. At the conclusion of our session Mr. Turner asked if I would be prepared to provide the same briefing to the PIOB. I responded affirmatively. He then said he would be seeing the Director and Judge Webster and would inform the DCI that I volunteered to make the presentation. I corrected him to the extent that I was not volunteering but would give the briefing if asked and if approved within the Agency. He laughed and said he appreciated my position.

9. The session with Mr. Turner was a very cordial and pleasant one. He is very positively disposed toward the Agency and wants to help us more than "police" us. I believe he came away completely satisfied that the accusation about CIA and Nugan Hand were false.

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